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SUBJECT: EGYPT'S ECONOMY: APRIL 27 WEEKLY PRESS ROUND-UP

1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

Public Sector Salaries

12. (U) The Egyptian draft budget for the fiscal year 2009/2010 proposed by the Ministry of Finance includes a call for an increase in public sector salaries. The Egyptian parliament is currently discussing the new budget, but has not decided on the rate of the increase. President Hosni Mubarak has publically committed to the annual raise, known in Egypt as the "social allowance." Mubarak says the raise is needed to preserving workers' rights and job security. The annual raise is expected to be at least 10% of the basic salary (which only accounts for 15-20% of gross pay). The draft budget contains LE86 billion (US\$15.36 billion) allocated to public sector wages. The average annual wage for public sector employees in Egypt is LE15,000 (US\$2,680). (Ahram and Akhbar, 4/22/09, 4/25/09)

Egyptian Hotel Occupancy Rates Surge

13. (U) Occupancy rates in hotels in many tourist areas exceeded 80% during the Easter and spring holidays, reaching 100% in some hotels. Reports received by the Ministry of Tourism indicate hotels and tourist resorts saw increased activity through the end of April, due to the number of local and foreign tourists spending the spring holidays in Egypt. The reports indicated occupancy rates in hotels in the north coast, Alexandria, Marsa Matrouh, Ain Sokhna and Ras Sedr areas exceeded 90%, while rates in Sharm El Sheikh, Hurghada and floating hotels/boats between Luxor and Aswan were over 80%. Italian and Russian tourists favored Sharm El Sheikh and Hurghada, while German, British and French tourists traveled to Luxor and Aswan. Hotel rates have been reduced by 30-40% in most tourist areas to attract travelers, with the exception of the Ain Sokhna area, where hotels have maintained their prices. (Alam Al Yom, 4/21/09)

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Achieving Self Sufficiency in Seven Major Crops

14. (U) The Ministries of Agriculture and Land Reclamation, and of Irrigation and Water Resources asserted that the GOE is committed to achieving self-sufficiency in the production of seven major crops. The government plans to achieve at least 80% self-sufficiency by 2020 in the production of wheat, rice, sugar, potatoes, beans, lentils, and edible oils, through a LE140 billion (US\$25 billion) agricultural expansion project financed with both private and public investment. An additional LE60 billion (US\$10.7 billion) will be used to increase agricultural productivity. Agriculture constitutes around 15% of Egypt's GDP and 20% of exports. The sector employs around 27% of the labor force. (Akhbar, 4/23/09)

Egypt Cancels Safeguard Duty on Indian Cotton

15. (U) Egypt has cancelled the safeguard duty on Indian cotton yarn and cotton textiles imports. India is the biggest exporter of cotton yarn to Egypt. In January, Egypt imposed a 25 percent fee on cost, insurance and freight (CIF) value, over and above import duties, for one year. The Confederation of Indian Textile Industry (CITI) said Egypt's decision to eliminate the fee would marginally benefit the industry, which has been hit by slowing exports. (ANSAmcd 04/24/09)
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